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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 11/20/08

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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, November 19

NIKKEI (Page 2) (Full)

November 20, 2008

09:28

Met Japan Association of Private Universities and Colleges Chairman Yuichiro Anzai and Association of Private Universities of Japan Chairman Sunao Onuma at the Kantei.

11:51

Attended a local assembly chairmen's convention held at the NHK Hall.

12:51

Attended a National Governors' Association conference held at the Kantei.

14:45

Attended a national private kindergarten PTA federation convention held at the Grand Prince Hotel Akasaka.

15:11

Attended a Japan-Australia conference held at the Mita Kyoyo Conference Hall.

16:06

Met at the Kantei JICA President Sadako Ogata in the presence of MOFA International Cooperation Bureau Director-General Kitera. Afterward met Shiseido Honorary Chairman Yoshiharu Fukuhara and other Japan-France Club members.

17:11

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Met Administrative Reform Minister Amari, followed by Economic and Fiscal Policy Minister Yosano. Later met Upper House Caucus Chairman Otsuji.

18:38

Met his secretary at the Imperial Hotel.

Prime Minister's schedule, November 20

NIKKEI (Page 2) (Full)  
November 20, 2008

0:01

Returned to his private residence in Kamiyamacho.

4) Keidanren chairman criticizes DPJ

ASAHI (Page 4) (Full)  
November 20, 2008

Opposition parties, including the Democratic Party of Japan, have yet to take a vote on a bill amending the Refueling Assistance Special Measures Law, and have pressed the ruling bloc for presenting a second supplementary budget to the Diet in the current session. Touching on this fact, Nippon Keidanren (Japan Business Federation) Chairman Fujio Mitarai said yesterday, "They cannot avoid being criticized for politicizing the matter."

Mitarai was responding to a question emerged in a press conference held in Kanazawa City after a meeting between the Keidanren and the Hokuriku Economic Federation.

About the bill amending the special measures law to extend the refueling mission in the Indian Ocean, Mitarai said: "The matter should be considered from a viewpoint of international cooperation; it is different from domestic issues."

Association of Corporate Executives Chairman Masamitsu Sakurai, too, criticized on Nov. 18 the DPJ's response, saying: "It is inappropriate to discuss Lower House dissolution by linking economic stimulus measures to other important bills."

5) DPJ returns to Upper House deliberations in order to ease criticism that it is boycotting discussions

YOMIURI (Page 4) (Abridged slightly)  
November 20, 2008

The Democratic Party of Japan has returned to House of Councillors deliberations with its attendance at yesterday's Upper House Financial Affairs Committee session discussing a bill amending the Financial Function Strengthening Law. The party's confrontational policy course of not taking votes on bills amending the New Antiterrorism Special Measures Law and the financial sector strengthening law unless a fiscal 2008 second supplementary budget is submitted to the current session has drawn objections from both

inside and outside the party. The return to Upper House deliberations reflects the DPJ's intent to put on a cap on criticism that it has boycotted Diet deliberations and that it has also taken antiterrorism and financial legislation hostage.

DPJ President Ichiro Ozawa, in a press conference in Yokohama

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yesterday, reiterated that the government should submit the second extra budget to the Diet in the current session. He said: "Prime Minister Aso said he would prioritize the economy over an election. If he does not present a supplementary budget, he would end up doing nothing for three, four months." Ozawa also indicated that his party would clash head on with the government and the ruling parties from the beginning of the next regular Diet session, saying: "If this situation persists with next year's regular session approaching, we will gear up believing the next Lower House election is near."

Later in the day, DPJ Diet Affairs Committee Chairman Kenji Yamaoka met with his LDP counterpart, Tadamori Oshima, in the Diet building and asked him if the ruling coalition would respond to the DPJ's request for the presentation of the second extra budget.

Ozawa's bullish stance comes from the belief that the DPJ's demand for the supplementary budget would win public support. There is strong concern in the DPJ, with one saying: "If we are regarded as boycotting Diet deliberations and taking antiterrorism and financial legislation hostage, our just argument would become less convincing to the public."

This can explain why the DPJ is taking the stance of not boycotting all committee deliberations though it has declared that it would not take votes on antiterrorism and bank strengthening legislation. The party, however, boycotted six Upper House committee meetings on Nov. 18.

In yesterday's meeting of directors of the Upper House Foreign Affairs and Defense Committee that is discussing the bill amending the new antiterrorism law, the opposition side demanded deliberations. Chairman Toshimi Kitazawa of the DPJ also proposed a question-and-answer session on civilian control. Some DPJ lawmakers think there are not enough materials to keep pushing back a vote. The party, however, intends to pursue for the time being the nature of the Defense Ministry and the Self-Defense Forces while taking up a sexual harassment scandal involving a high-ranking Air Self-Defense Force officer and other matters. The ruling bloc keeps the stance of not responding to the DPJ's call for deliberations unless it takes a vote on the legislation, saying its unilateral breach on Nov. 18 of an agreement is unforgivable. There are no prospects for deliberations.

At Upper House Financial Affairs Committee sessions, the DPJ plans to apply pressure on the ruling camp by taking up the question of the financially troubled ShinGinko Tokyo and other matters.

6) Second supplementary budget to be submitted to regular Diet session

YOMIURI (Page 2) (Full)  
November 20, 2008

The government and the ruling camp on November 19 started undertaking coordination with the possibility of submitting the second supplementary budget bill incorporating a flat-sum cash-benefit program to the regular session of the Diet to be convened next January. It will not be submitted to the current session that closes on November 30, even if it is extended. The aim is to avoid the submission of the bill having an impact on the compilation of the fiscal 2009 budget and an annual tax-code revision in December. In view of the coordination of views of the

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flat-sum cash benefit program having encountered complications, the government and the ruling parties determined that since opposition

parties are expected to rigorously attack the contents of the supplementary budget bill if it is submitted to the current session, it would be wise to make a fresh start on the issue.

If the second supplementary budget bill is not submitted to the current Diet session, the Democratic Party of Japan's stance is that it will not agree to take votes on bills amending the New Antiterrorism Special Measures Law for US-led antiterrorism operations and the Financial Functions Early Strengthening Law in the Upper House.

The government and the ruling parties intend to enact both bills, applying a legal measure that failure by the House of Councillors to take final action within 60 days after receipt of a bill passed by the House of Representatives may be viewed by the House of Representatives to constitute a rejection of the said bill by upper chamber.

In this connection, LDP Diet Affairs Committee Chairman Tadamori Omori and his DPJ counterpart Kenji Yamaoka on the 19th held talks. Yamaoka sought the submission of the bills during the current Diet session. Oshima said that he would reply on the 25th.

7) Submission of second supplementary budget bill to be delayed:  
"Aso for the economy" makes awkward excuse

TOKYO SHIMBUN (Page 2) (Almost full)  
November 20, 2008

The Democratic Party of Japan (DPJ) is pressing the government to submit the fiscal 2008 second supplementary budget bill to the current Diet Session. The government and the ruling parties are busy providing explanations on their decision to delay the timing. Prime Minister Taro Aso's explanations are changing repeatedly.

"It is difficult in terms of timing. Given the need to revise down a projection for tax revenues, it is impossible to determine an outlook for tax revenues for fiscal 2008 before December 20." So saying, Liberal Democratic Party (LDP) Diet Affairs Committee Chairman Tadamori Omori at a meeting of the ruling parties conveyed to participants that the submission of the bill to the current Diet session will likely be delayed.

A downward revision to the projection for tax revenues for fiscal 2008 by about 6 trillion yen is expected to be necessary due to a decline in tax revenues as a result of the economic recession. For this reason, Oshima said, "A projection for tax revenues must be finalized, by revising down the initial estimate. Otherwise it would be impossible to draft the supplementary budget bill."

However, some government officials are still of the opinion that it is possible to compile the budget by November 28, if a downward revision to the projection for tax revenues is removed from the budget compilation work. The government has considered submitting the portion of the economic stimulus package, removing a portion of the downward revision to the tax revenue projection. The supplementary budget bill will be automatically enacted 30 days after it clears the Lower House. Even if opposition parties oppose the bill in the Upper House, it would be possible to enact it early in the new year, if the current Diet session is extended.

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However, bills related to a downward revision to the tax revenue projection requires a second vote in the Lower House, based on the 60-day legislation measure. The passage of those bills is bound to be delayed until December. In that event, it would be necessary to extend the Diet session until February next year.

However, it is a usual practice under a Diet Law provision to convene the regular Diet session within January. As such, even if the current extraordinary Diet session is extended into the next year, the 60-day rule cannot be applied, preventing the bills from securing Diet approval.

The government and the ruling parties are frantic about providing

explanations on their decision to delay the submission of the fiscal 2008 supplementary budget bill to the Diet, because the DPJ has confronted the prime minister with a proposal for cooperation on deliberations on the second supplementary budget bill.

Regarding whether to submit the budget bill to the current Diet session or not, the prime minister during a press conference late last month said, "I cannot reply before determining whether we can obtain cooperation from the DPJ." Since Ozawa has revealed a cooperative stance, the prime minister had no choice but to cite that the downward revision to the tax revenue projection is the bottleneck in submitting the bill to the current session. The prime minister is now becoming suspicious about Ozawa's approach, according to a government source.

However, since he has insisted that the point of the economic stimulus package is "speediness," an increasing number of ruling party members are unhappy about the delay in the submission of the bill to the Diet with one saying that it is necessary to explain to the public why the government does not submit the bill.

8) "Freeze the sale of postal stocks," says premier following stock plunges

ASAHI (Page 1) (Full)  
November 20, 2008

The sale of stocks of Japan Post Group companies is to be started in fiscal 2010. In this connection, Prime Minister Aso on November 20 told reporters, "It is better to freeze the plan." He made this comment with an eye on the current stock plunges. There has now appeared a possibility of talks to revise the bill freezing the sale of postal stocks, submitted by the Democratic Party of Japan (DPJ), the Social Democratic Party (SDP) and the People's New Party (PNP) and approved in the Upper House, jump-starting.

The plan is to sell stocks of Japan Post Holdings, Japan Post Bank and Japan Post Insurance. The government holds all shares of Japan Post Holdings. Japan Post Holdings holds all shares of Japan Post Bank and Japan Post Insurance. The sale of those stocks is the pillar of the postal privatization promoted by former Prime Minister Koizumi.

The prime minister said, "It is ridiculous to sell postal stocks at a time when stock prices are plummeting. It is only natural to sell stocks when their prices are high." The bill freezing the sale of postal stocks has been sent to the Lower House. Some Liberal Democratic Party (LDP) members are beginning to support it.

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The prime minister ruled out any possibility of taking a second look at the privatization of postal services, saying, "I am not eyeing nationalization." He then pointed out, "It is necessary to consider building a system that will make the privatized company profitable." He thus indicated his intention to review the way Japan Post Group companies operate with a revision every three years as stipulated under the postal privatization law in mind.

9) Mood of reconsidering postal privatization in LDP in order to win "postal votes"

MAINICHI (Page 5) (Slightly abridged)  
November 20, 2008

A mood of reviewing the process of postal privatization has suddenly heightened. Prime Minister Taro Aso yesterday indicated he would support a possible freeze on the planned sale of state-owned shares in three companies under Japan Post Holding Company. Moreover, the Diet affairs committee chiefs of the ruling Liberal Democratic Party (LDP) and the minor opposition People's New Party (PNP) agreed to hold deliberations on revising the bill to freeze the sale of state-owned shares. The LDP's move comes from its expectations for winning "postal votes" in the next general election of the House of Representatives, even though the LDP won big in the 2005 Lower House election with a campaign slogan of privatizing postal services.

Shizuka Kamei, deputy chief of the PNP, was adamant in policy consultations on Nov. 14 between his party and the main opposition Democratic Party of Japan (DPJ), saying:

"The LDP may review postal privatization, shifting its policy. Unless the DPJ is serious (about reviewing postal privatization), there is a possibility that the (PNP) will leave the parliamentary group in the House of Councillors. There would be no election cooperation."

On Nov. 12 at the Prime Minister's Official Residence, PNP President Tamisuke Watanuki met with Aso to ask for his support for the freeze of sale of state-owned shares.

Reconsideration of postal privatization is in the PNP's policy platform. Although a bill freezing the sale of shares was adopted last December in the Upper House, the ruling coalition-controlled Lower House left it on the shelf. Aso told Watanuki that he would tell the LDP's Diet Affairs Committee. Diet Affairs Committee Chairman Tadamori Oshima was quick to take action.

Many LDP lawmakers believe that postal privatization was one of the reasons for the party's defeat in last summer's Upper House election, since voters in rural areas distanced themselves from the LDP.

10) Of total of 1.3 trillion yen drawn from highway revenue funds, Prime minister to allocate 1 trillion yen to local governments as local grant tax

ASAHI (Page 1) (Excerpt)  
November 20, 2008

Prime Minister Aso yesterday indicated that accompanying the turning of the special highway revenue funds into general funds, he was

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thinking of having the central government allocate as a local grant tax 1 trillion yen out of a total of 1.3 trillion yen in funds to local governments. If the funds are turned into a local grant tax, there would be no restrictions place on its use, except that the cash must be used for purposes other than road-building. There is likely to be a fierce reaction from the road-policy clique in the Diet whose members intend to limit the local grant tax to use for public works projects.

11) Aso, says, "Many doctors lack common sense," but later apologizes

ASAHI (Page 1) (Full)  
November 20, 2008

Prime Minister Aso made the following remark in a meeting of prefectural governors yesterday when asked what measures he intends to take to cope with the current problem of shortage of doctors:

"I can't speak from the perspective of someone who manages a hospital, but I do understand that hospitals in rural areas are having trouble (getting doctors). Frankly speaking, there are many doctors who pretty much lack common sense. ... (Doctors) must be held responsible for the current serious shortage. I recall that our party once scolded (doctors), 'Who suggested that the number of doctors should be decreased because there are too many?'"

He indicated the government would make such efforts as reviewing the clinical training system, which is said to be one of the main causes for the shortage of doctors.

Asked by reporters later in the day about the real intention of his remarks, Aso said: I apologize if decent doctors felt displeased." Aso's relatives run Iizuka Hospital under the wings of the Aso group in Iizuka City, Fukuoka Prefecture, where he comes from.

In reaction to the controversial remarks by Aso, Toshio Nakagawa, an executive board member of the Japan Medical Association (JMA),

stated in a press conference: "I cannot believe it. It is inconceivable that the prime minister made such a remark." The Japan Medical Federation, a political group of the JMA, is a support group of the Liberal Democratic Party. Some LDP members voice concern about the negative effect of the remarks by the prime minister on the next general election.

12) DPJ announces additional candidates; Ozawa not included

YOMIURI (Page 4) (Excerpts)  
November 20, 2008

The Democratic Party of Japan announced yesterday an additional 11 individuals it has officially endorsed for the new Lower House election, bringing the total to 234.

The party again put off endorsing President Ozawa. Ozawa, who is representing Iwate Constituency No. 4, had this to say about switching his constituencies in a press conference in Yokohama yesterday: "We have determined our candidates for the vast majority of the constituencies in the country, and there aren't many constituencies left to which I can switch. I want to determine my constituency by monitoring the entire situation of the country until shortly before the election."

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Ozawa also announced in the press conference that the party would field Lower House member Tetsundo Iwakuni (proportional representation South Kanto bloc) for Kanagawa Constituency No. 1 instead of No. 8. The party does not plan to field anyone for Constituency No. 8 by envisioning post-election cooperation with Kenji Eda, an independent.

The DPJ did not include Iwakuni in its additional list yesterday in response to a protest from the People's New Party, which has decided to field a newcomer for Constituency No. 1.

13) DPJ President Ozawa negative about switching to another electoral district

MAINICHI (Page 5) (Full)  
November 20, 2008

The Democratic Party of Japan (DPJ), the largest opposition party, announced yesterday 11 additional candidates it officially has endorsed and one unofficial candidate. When asked by reporters about his view on the timing of the next House of Representatives election, DPJ President Ichiro Ozawa yesterday stressed in Yokohama:

"If (Prime Minister Aso) fails to keep his promise to the public (that he would submit a second extra budget to the current session) before the end of the year, our party will prepare for the election, thinking that it will be held soon."

Ozawa indicated in his remark that he planned to force an early Lower House dissolution, depending on Aso's response regarding a second supplementary budget.

Referring to LDP Diet Affairs Committee Chairman Tadamori Oshima's remark that it would be difficult to submit a second extra budget to the ongoing session, Ozawa made a critical comment, saying:

"I don't think the Prime Minister will reach such a half-baked conclusion. I want (Aso) to make clear his promise to the public -- whether it was just an excuse for pushing back the election."

Ozawa took a negative stance about switching to another electoral district from the Iwate No. 4 district, noting: "Since we have fielded candidates for almost all constituencies across the nation, few electoral districts are left." He then added: "After watching the situation until immediately before the election, I will make a decision regarding my own electoral district."

The DPJ has endorsed 234 candidates --109 incumbent lawmakers, 42



former members, and 83 new-face candidates. A total of 26 candidates are now waiting for the DPJ's official endorsement.

#### 14) Aso cabinet being tested on crisis management

TOKYO SHIMBUN (Page 2) (Abridged)  
November 20, 2008

The murder of a former vice health minister and his wife at their home in Saitama and the stabbing of another retired vice health minister's wife also at their home in Tokyo have become the first case to test Prime Minister Aso and his cabinet on crisis management

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competence to deal with such emergencies. The government yesterday urged investigative authorities to expedite investigation to solve the crimes. At the same time, the government has also tightened security for its officials to prevent a recurrence.

"If we have clearly found this to be an act of terrorism, we will then take resolute action as a matter of course," Aso told reporters at his office.

Politicians also denounced the serial stabbings. Hiroyuki Hosoda, secretary general of the ruling Liberal Democratic Party, commented: "This is clearly terrorism. We must take resolute action." Ichiro Ozawa, president of the leading opposition Democratic Party of Japan (Minshuto), said, "Whatever reason there may be, it's unforgivable to use violence to kill or injure someone."

The Aso cabinet has been in office for about two months since its inauguration in late September. During that time, there was no major disaster or accident. If the incidents this time are serial terrorist attacks against the backdrop of the national pension issue, such an emergency is a challenge for a democracy. "The government's crisis management is being tested," said a high-ranking official of the government.

Aso met with National Public Safety Commission Chairman Tsutomu Sato on the evening of Nov. 18 and ordered him to investigate the incidents in a thoroughgoing way and to tighten security for officials to prevent a recurrence. Chief Cabinet Secretary Takeo Kawamura also told investigative authorities to do their best for the security of health and welfare ministry officials.

#### 15) Russian Premier Putin to put off visit to Japan

ASAHI (Page 4) (Full)  
November 20, 2008

It was learned yesterday a visit to Japan by Russian Premier Vladimir Putin before the end of the year, on which Japan and Russia had agreed, would be put off. Senior Japanese Foreign Ministry officials view that Putin is busy readying economic measures at home due to the global financial crisis that originated in the United States. The Japanese government intends to try to reschedule the Putin visit for early next year.

Putin's visit to Japan before the end of the year was decided in a meeting between then Prime Minister Yasuo Fukuda and President Dmitry Medvedev in July on the sidelines of the G-8 summit in Hokkaido. It had been agreed that the final schedule for Putin's Japan visit would be decided in a meeting between Medvedev and Prime Minister Taro Aso in Peru when they attend the Asia-Pacific Economic Cooperation Conference.

The Japanese government predicts that the Russian side will emphasize the importance of relations with Asian countries, including Japan, in the APEC meeting. A senior Foreign Ministry official said: "The Russian government may have judged that ahead of the premier's visit to Japan, preparations (for the Northern Territories issue) would be needed."

SCHIEFFER